

STATE OF SOUTH CAROLINA

In RE:
Application of Crexendo Business Solutions, Inc.

For a Certificate of Public Convenience
and Necessity to Provide Interexchange and
Local Exchange Telecommunications Services
and for Alternative Regulation and
Flexible Regulation

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET
NUMBER: 2010 - 252 - C

(Please type or print)

Submitted by: Heather Kirby

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DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition expeditiously ☐ Request for item to be placed on Commission's Agenda ☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input checked="" type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input checked="" type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other: <u>OK</u>
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

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August 30, 2010

VIA OVERNIGHT DELIVERY

Mr. Charles Terreni
Chief Clerk of the Commission
South Carolina Public Service Commission
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210
(803) 896-5100

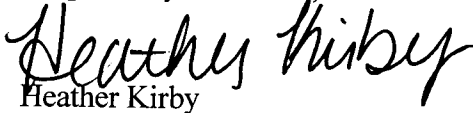
Re: Crexendo Business Solutions, Inc.
Docket No. 2010-252-C

Dear Mr. Terreni:

Enclosed please find for filing an original and twenty-five (25) copies of the company's pre-filed testimony. The company does not intend to engage in telemarketing in the State of South Carolina.

I have enclosed an extra copy of this letter to be date-stamped and returned to me in the self-addressed, postage prepaid envelope I have provided. If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me. Thank you.

Respectfully submitted,


Heather Kirby

Legal Assistant to Lance J.M. Steinhart
Attorney for Crexendo Business Solutions, Inc.

Enclosures

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**BEFORE THE
PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2010-252-C**

In the Matter of)	
)	
The Application of)	
Crexendo Business Solutions, Inc.)	
)	
for a Certificate of Public Convenience)	DIRECT TESTIMONY
and Necessity to Provide Interexchange and)	OF JEFF KORN
Local Exchange Telecommunications Services)	
and for Alternative Regulation and)	
Flexible Regulation)	

I. Introduction

- | | | | |
|---|----|-----------|--|
| 1 | 1. | Q. | Please state your name and business address. |
| 2 | | A. | My name is Jeff Korn. My business address is 1615 South 52nd Street, Tempe, |
| 3 | | | Arizona 85281. |
| 4 | 2. | Q. | By whom are you employed and in what capacity? |
| 5 | | A. | I am the Chief Legal Officer of Crexendo Business Solutions, Inc. ("Crexendo"). |
| 6 | 3. | Q. | Please give a brief description of your background and experience in business |
| 7 | | | and telecommunications. |
| 8 | | A. | See Exhibit D to our application. |

1 4. **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to describe the nature of Crexendo's proposed
3 service offering within the State of South Carolina, and to demonstrate its financial,
4 managerial, and technical ability to provide the telecommunications services for
5 which authority is sought herein.

6 5. **Q. Do you wish to incorporate by reference any documents into your testimony?**

7 A. Yes. I wish to incorporate by reference the underlying Application filed in this
8 proceeding and its associated attachments.

9 **II. The Business of Crexendo**

10 6. **Q. Has Crexendo registered to do business in South Carolina?**

11 A. Yes. Crexendo is an Arizona Corporation that has received authorization to transact
12 business within the State of South Carolina. A copy of Crexendo's Articles of
13 Incorporation is attached to the Application as Exhibit A and a copy of the
14 document of authorization from the State of South Carolina is attached to that
15 Application as Exhibit B.
16

1 7. **Q. Please describe the services Crexendo intends to provide within the State of**
2 **South Carolina.**

3
4 Crexendo may offer a full array of services to both business and residential customers, including
5 the following:

6
7 Interexchange (switched and dedicated services):

- 8 A. 1+ and 101XXXX outbound dialing;
9 B. 800/888 toll-free inbound dialing;
10 C. Calling cards; and
11 D. Data Services.

12
13 Local Exchange:

- 14 A. Local Exchange Services for business and residence customers that will enable
15 customers to originate and terminate local calls in the local calling area served by
16 other LECs, including local dial tone and custom calling features.
17 B. Switched local exchange services, including basic service, trunks, carrier access, and
18 any other switched local services that currently exist or will exist in the future.
19 C. Non-switched local services (e.g., private line) that currently exist or will exist in the
20 future.
21 D. Centrex and/or Centrex-like services that currently exist or will exist in the future.
22 E. Digital subscriber line, ISDN, and other high capacity services.

23
24 Crexendo will initially resell local and long distance services, and provide local service though
25 the use of use unbundled network elements utilizing the facilities of the existing LECs or
26 underlying carriers that presently serve South Carolina.

27
28 APPLICANT seeks authority to resell and provide through its own facilities local
29 exchange services throughout the State primarily in the areas served by AT&T. Applicant's local
30 calling areas initially will coincide with the incumbent local exchange carrier's local calling
31 areas. Applicant has no plans to install facilities in the State of South Carolina. If APPLICANT
32 installs facilities in South Carolina, it will probably provide voice and high speed data services

1 through a combination of the latest technology switching and transport media. The switching
2 system will consist of a central processing and control complex capable of interconnection as a
3 peer to the incumbent as well as competitive local exchange companies. The hub portion of the
4 switch will interconnect with the public switched network on Signaling System 7 ("SS7") or
5 Feature Group D ("FGD") facilities. The system's remote module capability will allow properties
6 to be served in a manner that provides the exchange of appropriate signaling, control and
7 calling/caller information to the network in accordance with network standards and
8 specifications. Additionally, these services will be delivered over a combination of delivery
9 mechanisms through incumbent local carriers' unbundled loop network, both copper and fiber
10 and transport networks, as well as via APPLICANT constructed facilities. Its services will be
11 available on a full-time basis, twenty-four hours a day, seven days a week, to customers within the
12 geographic boundaries of the State of South Carolina. Customers will be billed by APPLICANT.
13 Applicant is committed to providing access to a local operator, directory assistance, 911 services,
14 and dual relay services. Applicant is also willing to accept its obligations to collect 911 and dual
15 relay service surcharges from its local exchange customers, and to remit those funds to the
16 appropriate authorities.

1 8. **Q. What carrier will Crexendo utilize as its underlying carrier for services in**
2 **South Carolina?**

3 A. For interexchange service, Crexendo intends to utilize AT&T as its underlying
4 carrier. Crexendo intends to offer service offer local service using facilities of the
5 incumbent local exchange telephone companies ("LECs") certificated to provide
6 local exchange service in the State of South Carolina. The company intends to
7 initially negotiate with BellSouth.

8 9. **Q. Does Crexendo have authorization to provide intrastate telecommunications**
9 **services in any other state?**

10 A. Yes. Crexendo is currently authorized to provide local exchange and
11 interexchange services in Florida, Georgia, Idaho, Indiana, Iowa, Kansas,
12 Kentucky, Michigan, Minnesota, Montana, Nebraska, New Hampshire, New
13 Jersey, New York, North Dakota, Oregon, Pennsylvania, Rhode Island, Vermont,
14 Washington and Wisconsin, and interexchange services only in Arkansas,
15 Missouri, New Mexico and Wyoming. Applicant is in the process of applying for
16 authorization to provide competitive local exchange and interexchange services
17 throughout the United States. Applicant has not been denied authority for any of
18 the services for which it seeks authority in this Application.

19 10. **Q. Has Crexendo ever had an application for a certificate of public convenience**
20 **and necessity denied?**

21 A. No.

22 11. **Q. Does Crexendo intend to file a tariff with the Commission?**

23 A. Yes. Crexendo filed an interexchange tariff as Exhibit F and a local price list as
24 Exhibit E to its Application in this proceeding that it will modify as necessary in
25 order to meet the Commission's requirements. We believe Crexendo's Tariff and
26 price list will comport with all Orders, Rules, and Regulations of the Commission.

12. Q. Will Crexendo comply with the Commission's orders regarding the provision of interexchange and local services?

A. Yes. Crexendo will at all times provide and market services in accordance with current Commission policies. In particular, Crexendo is familiar with Commission Order No. 93-462 regarding resale of intraLATA telecommunications services and will attempt to comply with the terms of that order in every respect possible. In addition, Crexendo at all times will provide interstate services in compliance with all FCC rules and regulations. Crexendo will at all times provide and market services in accordance with current Commission policies and will attempt to comply with the terms of that order in every respect possible.

1 13. **Q. Has Crexendo provided any intrastate telecommunications services within the**
2 **State of South Carolina?**

3 A. No it has not.

4 14. **Q. What rates will Crexendo charge upon receipt of certification?**

5 A. Crexendo will charge the tariffed rates approved by the Commission.

6 15. **Q. How will Crexendo market services in South Carolina?**

7 A. Crexendo intends to market its services via direct sales by Crexendo's employees.

8 **III. Managerial, Technical and Financial Qualifications**

9 16. **Q. Does Crexendo have sufficient managerial, technical, and financial resources**
10 **and ability to provide the telecommunications services proposed in its**
11 **Application?**

12 A. Yes. Crexendo has sufficient technical, financial, and managerial resources and
13 ability to provide the telecommunications services for which authority is sought
14 herein. Crexendo's personnel represent a broad spectrum of business and technical
15 disciplines, possessing many years of individual and aggregate telecommunications
16 experience.

17 The qualifications and experience of Crexendo's key management team are
18 discussed on Exhibit D which is attached to our Application in support of
19 Applicant's managerial and technical ability to provide the services for which
20 authority is sought herein.

1 17. **Q. How does Crexendo handle customer service requests?**

2 A. Crexendo's customer service representatives are available to assist its customers
3 and will promptly respond to all customer inquiries. Customers may call (866)
4 621-6111 or a local number. The applicable toll free or local numbers will be
5 printed on customers' monthly billing statements. Alternately, customers wishing
6 to communicate with a Crexendo customer service representative in writing may
7 send written correspondence to Crexendo at:

8
9 Crexendo Business Solutions, Inc.
10 ATTN: Customer Service
11 1615 South 52nd Street
12 Tempe, Arizona 85281

13 Crexendo's customer service representatives are prepared to respond to a broad
14 range of service matters, including inquiries regarding: (1) the types of services
15 offered by Crexendo and the rates associated with such services; (2) monthly
16 billing statements; (3) problems or concerns pertaining to a customer's current
17 service; and (4) general service matters.

18
19 18. **Q. Please describe the financial condition of Crexendo.**

20 A. In support of Crexendo's financial ability to provide the services sought herein,
21 copies of Crexendo's iMergent's SEC Form 10-KT for period ended December 31,
22 2009, were submitted as Exhibit C to its Application.

1 IV. Public Interest

2 19. Q. **How will residents of South Carolina benefit from Crexendo's services and**
3 **presence in South Carolina?**

4 The Commission's grant of this certificate is in the public interest because
5 consumers of telecommunications services within Crexendo's service territory will
6 receive increased choice, improved quality of service, and heightened opportunities
7 to obtain improved technology in the homes and businesses. Market incentives for
8 new and old telecommunications providers in South Carolina will be improved
9 greatly through an increase in the diversity of suppliers and competition within the
10 local exchange telecommunications market. Consistent with the Commission's
11 intent to aid in the development of a competitive telecommunications environment
12 in South Carolina, the granting of a certificate of authority to provide local exchange
13 service will offer increased efficiency to the State's telecommunications
14 infrastructure through greater reliability of services and an increase in competitive
15 choices.

16 20. Q. **Has the Company ever been the subject of an investigation by any state**
17 **Regulatory body or by the FCC?**

18 A. No.

19 21. Q. **Will the Company agree to abide by and comply with the Commission's**
20 **Rules and Regulations and Commission Orders in its operations in South**
21 **Carolina?**

22 A. Yes.

23 22. Q. **Does this conclude your testimony?**

24 A. Yes. I would like to thank the Commission for this opportunity to provide
25 information relevant to Crexendo's Application and am ready to provide any
26 additional information that the Commission may need in making its decision.